



## China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2011

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

##### 1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

##### Unaudited Consolidated Statement of Comprehensive Income for 4th Quarter Ended 31 December 2011

	4th quarter ended			Full year ended		
	31/12/2011	31/12/2010	Change	31/12/2011	31/12/2010	Change
	RMB 'million		%	RMB 'million		%
<b>Revenue</b>	<b>295.5</b>	<b>273.3</b>	<b>8%</b>	<b>1,175.1</b>	<b>991.4</b>	<b>19%</b>
Cost of sales	234.8	217.5	8%	892.7	767.3	16%
<b>Gross profit</b>	<b>60.7</b>	<b>55.8</b>	<b>9%</b>	<b>282.4</b>	<b>224.1</b>	<b>26%</b>
Other income	2.7	6.5	(58%)	10.9	15.3	(29%)
Selling and distribution expenses	11.7	11.1	5%	37.8	35.4	7%
Administrative expenses	30.7	18.4	67%	87.7	59.3	48%
Other expenses	4.8	3.7	30%	28.2	5.9	378%
Finance expenses	1.8	1.3	38%	5.7	3.5	63%
<b>Profit before tax</b>	<b>14.4</b>	<b>27.8</b>	<b>(48%)</b>	<b>133.9</b>	<b>135.3</b>	<b>(1%)</b>
Income tax expenses	4.4	5.0	(12%)	45.4	20.0	127%
<b>Profit after tax</b>	<b>10.0</b>	<b>22.8</b>	<b>(56%)</b>	<b>88.5</b>	<b>115.3</b>	<b>(23%)</b>
<b>Other comprehensive income:</b>						
Exchange differences on translation, net of tax	0.2	(0.1)	(300%)	0.5	-	n.m
Fair Value changes on AFS	-	0.3	(100%)	-	0.3	(100%)
<b>Total comprehensive income for the period</b>	<b>10.2</b>	<b>23.0</b>	<b>(56%)</b>	<b>89.0</b>	<b>115.6</b>	<b>(23%)</b>
Gross profit margin	<b>20.5%</b>	<b>20.4%</b>	0.1pts	<b>24.0%</b>	<b>22.6%</b>	1.4pts
Earnings per share (RMB cents)	<b>2.10</b>	<b>4.77</b>	(56%)	<b>18.54</b>	<b>24.14</b>	(23%)

n.m. - not meaningful

**Notes to the Consolidated Statement of Comprehensive Income:**

1. Profit before tax is arrived at after charging/(crediting) the following:-

	4th quarter ended			Full year ended		
	31/12/2011	31/12/2010	Change %	31/12/2011	31/12/2010	Change %
	RMB'million			RMB'million		
Interest income	(0.3)	(2.3)	(87%)	(1.7)	(5.9)	71%
Interest on borrowing	1.8	1.3	38%	5.7	3.5	20%
Depreciation of property, plant and equipment	7.5	6.0	25%	27.2	22.7	20%
Amortization of land use rights	0.2	0.6	(67%)	0.6	0.9	(33%)
(Reversal)/Allowance for Impairment on receivables	(0.4)	0.5	180%	0.1	(0.7)	(114%)
Foreign exchange loss	3.1	1.0	210%	6.1	2.8	118%
Loss on disposal of fixed assets	-	1.7	(100%)	-	1.7	(100%)
Impairment loss on land use rights	4.8	-	n.m.	4.8	-	n.m.
Impairment loss on property, plant and equipment	(0.4)	-	n.m.	18.3	-	n.m.
Reversal of impairment loss on property, plant and equipment	(1.5)	-	n.m.	(6.6)	-	n.m.

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**1(b)(i) A Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		31/12/2011 RMB' million	31/12/2010 RMB' million	31/12/2011 RMB' million	31/12/2010 RMB' million
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary		-	-	350.0	371.1
Property, plant and equipment	(1)	422.9	328.2	-	-
Land use rights	(2)	27.7	17.1	-	-
Available-for-sale financial assets		14.4	15.0	14.4	15.0
		<b>465.0</b>	<b>360.3</b>	<b>364.4</b>	<b>386.1</b>
<b>CURRENT ASSETS</b>					
Inventories	(3)	137.1	77.3	-	-
Trade receivables	(4)	276.9	242.2	-	-
Other receivables, deposits and prepayment	(5)	58.1	62.9	0.1	1.6
Amount owing from a subsidiary		-	-	20.4	0.1
Cash and cash equivalents		118.6	165.1	16.8	3.5
		<b>590.7</b>	<b>547.5</b>	<b>37.3</b>	<b>5.2</b>
<b>TOTAL ASSETS</b>		<b>1,055.7</b>	<b>907.8</b>	<b>401.6</b>	<b>391.3</b>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(14.5)	(13.0)	(14.5)	(13.0)
Fair Value Reserve		0.3	0.3	0.3	0.3
Merger reserve		0.3	0.3	-	-
Statutory reserves		100.9	71.5	-	-
Exchange on translation		(6.5)	(7.0)	(6.3)	(5.7)
Retained profits		360.0	326.1	100.8	84.4
<b>TOTAL EQUITY</b>		<b>754.0</b>	<b>691.7</b>	<b>393.8</b>	<b>379.5</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade payables	(6)	45.5	32.8	-	-
Other payables and accruals	(7)	108.6	85.7	5.3	9.3
Deferred grant		0.6	1.6	-	-
Bank loans	(8)	140.0	90.0	-	-
Current tax payable		7.0	6.0	2.6	2.5
<b>TOTAL LIABILITIES</b>		<b>301.7</b>	<b>216.1</b>	<b>7.9</b>	<b>11.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,055.7</b>	<b>907.8</b>	<b>401.7</b>	<b>391.3</b>

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

### Amount repayable in one year or less, or on demand

As at 31/12/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	140.0	-	90.0

### Details of any collateral

No collateral

### Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 94.7 million from RMB 328.2 million to RMB 422.9 million due mainly to the following:

- RMB 133.6 million for purchase of machinery and equipment relating to various projects in FY2011 as stated in Para 10; less
- RMB 27.2 million depreciation and RMB 18.3 million asset impairment; and add back;
- RMB 6.6 million of asset impairment written back as they were reused in its other 2 facilities.

Note (2) Land use rights increased by RMB 10.6 million from RMB 17.1 million to RMB 27.7 million as RMB 13 million was paid for the land at Facility 3 in Weifang and RMB 3 million was accrued for the land at Facility 2. This was offset by RMB 0.6 million amortisation and RMB 4.8 million impairment loss at Facility 1, Shanxian City. As Facility 1 was vacated in 1QFY2011<sup>1</sup>, the land has no immediate economic value and thus impairment was made on prudence ground.

Note (3) Inventories increased by RMB 59.8 million from RMB 77.3 million to RMB 137.1 million as the Group purchased more raw materials for the trial production of 4ADPA<sup>2</sup> (an intermediary raw material required for the production of 6PPD) at the newly completed 12,000-ton plant at Facility 2, as well as MBT at the two newly completed 15,000-ton MBT plants located at Facility 3. The finished goods inventory level at Facility 3 was high as production was ramped up in December 2011 in view of the Chinese New Year holidays in January 2012. As the Group was in the midst of relocating its equipment from Facility 1 to either Facility 2 or 3 in December 2010, the Group maintained a lower volume of raw materials then. Higher cost of raw materials also contributed to the increase in inventories.

Note (4) Trade receivables increased by RMB 34.7 million from RMB 242.2 million to RMB 276.9 million due to higher sales in 4QFY2011 compared to 4QFY2010.

Note (5) Other receivables, deposits and prepayment decreased by RMB 4.8 million from RMB 62.9 million to RMB 58.1 million mainly due to full utilisation of VAT receivables when current VAT Output Tax is more than VAT Input Tax.

Note (6) Trade payables increased by RMB 12.7 million from RMB 32.8 million to RMB 45.5 million as more raw materials were purchased as mentioned in Note (3).

Note (7) Other payables and accruals increased by RMB 22.9 million from RMB 85.7 million to RMB 108.6 million due to higher advance payments made by customers and higher accruals for staff insurance as elaborated on Pg 9 under "Administrative expenses".

Note (8) Bank loans increased by RMB 50 million from RMB 90 million to RMB 140 million as higher working capital was required with the trial production of 4ADPA and MBT as mentioned in Note (3). The increased loan quantum was also used for payments related to certain projects as mentioned in Para 10 under the heading entitled "Updates".

<sup>1</sup> As per Result Announcement dated 25 April 2011

<sup>2</sup> Known as 4-Aminodiphenylamine

1(c) **A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flows**

Note	4th quarter ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RMB'million		RMB'million	
<b>Cash flows from operating activities</b>				
Profit before taxation	14.5	27.8	133.9	135.3
Adjustments for:-				
Depreciation of property, plant and equipment (PPE)	7.5	6.0	27.2	22.7
Amortisation of land use rights	0.2	0.6	0.6	0.9
(Reversal)/Allowance for Impairment on receivables	(0.4)	0.5	0.1	(0.7)
Interest income	(0.7)	(2.3)	(1.8)	(5.9)
Interest expense	1.8	1.3	5.7	3.5
Translation difference	5.8	(0.1)	1.3	(0.7)
Write-back of trade and other payables	-	(1.1)	-	(1.1)
Impairment loss of land use rights	4.8	-	4.8	-
Impairment loss of PPE	-	1.7	18.3	1.7
Reversal of impairment loss of PPE	(1.9)	-	(6.6)	-
<b>Operating profit before working capital changes</b>	<b>31.6</b>	<b>34.4</b>	<b>183.5</b>	<b>155.7</b>
Changes in working capital:				
Inventories	(45.4)	(6.8)	(59.8)	(23.1)
Trade and other receivables	2.2	53.1	(30.0)	(14.1)
Trade and other payables and accruals	16.1	3.1	35.6	6.0
Cash deposit released from /(pledged with) bank	16.9	(6.0)	1.1	(15.7)
<b>Cash generated from operations</b>	<b>21.4</b>	<b>77.8</b>	<b>130.4</b>	<b>108.8</b>
Income taxes paid	(14.4)	(5.6)	(44.5)	(23.5)
<b>Net cash generated from operating activities</b>	<b>(1)</b> <b>7.0</b>	<b>72.2</b>	<b>85.9</b>	<b>85.3</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment and additional CIP	(37.4)	(93.2)	(137.3)	(174.1)
Proceeds from disposal of property, plant and equipment	-	0.3	-	0.3
Net proceeds from AFS financial asset	-	20.0	-	22.4
Interest income received	0.4	2.3	1.7	5.9
Purchase of Land use rights	(3.0)	-	(16.0)	-
<b>Net cash used investing activities</b>	<b>(2)</b> <b>(40.0)</b>	<b>(70.6)</b>	<b>(151.6)</b>	<b>(145.5)</b>
<b>Cash flows from financing activities</b>				
Interest expense paid	(1.8)	(1.3)	(5.7)	(3.5)
Dividend paid	-	-	(25.2)	(23.3)
Grant received	0.8	-	2.7	0.6
Repayment of bank borrowings	-	-	(60.0)	(90.0)
Purchase of Treasury Shares	(1.5)	-	(1.5)	-
Proceeds from bank loan	30.0	-	110.0	130.0
<b>Net cash generated from/(used in) financing activities</b>	<b>(3)</b> <b>27.5</b>	<b>(1.3)</b>	<b>20.3</b>	<b>13.8</b>
<b>Net (decrease)/increase in cash and cash equivalents balances</b>	<b>(5.5)</b>	<b>0.3</b>	<b>(45.4)</b>	<b>(46.4)</b>
<b>Cash and cash equivalents balances at beginning of period/year</b>	<b>90.1</b>	<b>129.7</b>	<b>130.0</b>	<b>176.4</b>
<b>Cash and cash equivalents balances at end of period/year</b>	<b>84.6</b>	<b>130.0</b>	<b>84.6</b>	<b>130.0</b>
<b>Cash and bank balances at end of period includes the followings</b>				
Cash and cash equivalents	118.6	165.1	118.6	165.1
Cash deposit pledged with bank	(34.0)	(35.1)	(34.0)	(35.1)
<b>Cash and bank balances at end of period</b>	<b>84.6</b>	<b>130.0</b>	<b>84.6</b>	<b>130.0</b>

**Notes to Consolidated Statement of Cash flows for 4QFY2011**

- (1) Net cash generated from operating activities amounting to RMB 7.0 million was due mainly to operating cash profit generated, offset by the increase in inventories and taxes paid.
- (2) Net cash used in investing activities amounting to RMB 40.0 million was mainly due to the payment for capital equipment and construction in progress projects.

- (3) Net cash generated from financing activities amounted to RMB 27.5 million as RMB 30.0 million was borrowed from the local banks in China for the purposes as mentioned on Page 4, Note (8).

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Unaudited Statements of Changes in Equity**

**GROUP**

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	65.1	326.1	691.7
Total Comprehensive Income for the period	-	-	0.5	88.5	89.0
Dividend paid	-	-	-	(25.2)	(25.2)
Transfer to statutory reserve	-	-	29.4	(29.4)	-
Shares buy back held in treasury	-	(1.5)	-	-	(1.5)
<b>Balance as at 31 December 2011</b>	<b>313.5</b>	<b>(14.5)</b>	<b>95.0</b>	<b>360.0</b>	<b>754.0</b>
Balance as at 1 January 2010	313.5	(13.0)	37.1	261.8	599.4
Total Comprehensive Income for the period	-	-	0.3	115.3	115.6
Dividend declared	-	-	-	(23.3)	(23.3)
Transfer to statutory reserve	-	-	27.7	(27.7)	-
<b>Balance as at 31 December 2010</b>	<b>313.5</b>	<b>(13.0)</b>	<b>65.1</b>	<b>326.1</b>	<b>691.7</b>

**COMPANY**

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	(5.4)	84.4	379.5
Total Comprehensive Income for the period	-	-	(0.6)	41.6	41.0
Dividend paid	-	-	-	(25.2)	(25.2)
Share buyback-held in treasury	-	(1.5)	-	-	(1.5)
<b>Balance as at 31 December 2011</b>	<b>313.5</b>	<b>(14.5)</b>	<b>(6.0)</b>	<b>100.8</b>	<b>393.8</b>
Balance as at 1 January 2010	313.5	(13.0)	(5.8)	87.4	382.1
Total Comprehensive Income for the period	-	-	0.4	20.3	20.7
Interim dividend declared	-	-	-	(23.3)	(23.3)
<b>Balance as at 31 December 2010</b>	<b>313.5</b>	<b>(13.0)</b>	<b>(5.4)</b>	<b>84.4</b>	<b>379.5</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares*	Resultant issued and paid up share capital S\$
As at 1 January 2011	477,357,000	59,900,882
Share buyback – held as treasury	(1,261,000)	(311,335)
<b>Balance as at 31 December 2011</b>	<b>476,096,000</b>	<b>59,589,547</b>
<b>Balance as at 1 January and 31 December 2010</b>	<b>477,357,000</b>	<b>59,900,882</b>

There are no outstanding convertibles issued by the Company as at 31 December 2011.  
\*number of issued shares excludes 15,598,000 treasury shares

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

See above table.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

See above table. There is no sale, transfer, disposal, cancellation of treasury shares at the end of 4QFY2011. Total number of treasury shares at end 4QFY2011 stands at 15,598,000.

*[Note – The disclosures required in 1(d)(ii), (iii) and (iv) may be made in form of statement paragraphs or, in tabular form.]*

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2010 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2011. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ended 31 December 2011.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	4Q2011 RMB	4Q2010 RMB	FY2011 RMB	FY2010 RMB
<b>Basic Earnings per share (Basic EPS' cents)</b> - based on weighted average number of shares on issue	<b>2.10</b>	<b>4.77</b>	<b>18.54</b>	<b>24.14</b>
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	10,047	22,782	88,478	115,266
Weighted average number of shares applicable to basic EPS ('000)	476,692	477,357	477,189	477,357

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2011.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
(a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net asset attributable to shareholders (RMB'000)	753,930	691,677	393,812	379,493
<b>Net asset value per ordinary share (RMB cents)**</b>	<b>158.35</b>	<b>144.89</b>	<b>82.72</b>	<b>73.21</b>
Number of issued shares * ('000)	476,096	477,357	476,096	477,357

\* number of issued shares excludes treasury shares

\*\* equivalent to 32.31 SGD cents at exchange rate of 4.9012 as at 31 December 2011

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable)seasonal or cyclical factors; and**  
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

RMB million	4Q2011	4Q2010	Change	FY2011	FY2010	Change
Group Revenue	295.5	273.3	8%	1,175.1	991.4	19%
Gross Profit	60.7	55.8	9%	282.4	224.1	26%
Profit before tax	14.4	27.8	(48%)	133.9	135.3	(1%)
Net profit	10.0	22.8	(56%)	88.5	115.3	(23%)

#### **Commentaries on performance**

Revenue in 4QFY2011 increased by 8% to RMB 295.5 million as compared to RMB 273.3 million in 4QFY2010 due to the increase in our sales volume offset by the slight decrease in average selling price. Sales volume improved 11% to 16,292 tons as compared to 14,654 tons in 4QFY2010 due to increased demand and increased marketing efforts.

**Overall average selling price (ASP)** for all products decreased by 3% to RMB 18,136 per ton in 4QFY2011 as compared to RMB 18,650 per ton in 4QFY2010 after registering growth



for the past 3 consecutive quarters. Due to the slowdown in the domestic economy, the Group reduced its selling price so as to capture a bigger domestic market share and maintain its competitiveness. However, on a 12-month basis, the ASP increased by 6% to RMB19,293 in FY2011 as compared to RMB 18,266 in FY2010 as the Group managed to increase average prices in response to increased raw material costs and operations costs.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q11	4Q10	FY11	FY10	4Q11	4Q10	FY11	FY10
Accelerators	13,030	12,227	50,148	46,343	255.4	242.7	1,040.4	892.1
Insoluble sulphur	2,677	1,252	7,873	4,413	30.3	14.3	90.4	50.2
Anti-oxidant	330	1,009	2,061	2,971	4.5	12.6	27.1	37.4
Others	255	166	825	548	5.3	3.7	17.2	11.7
<b>Total</b>	<b>16,292</b>	<b>14,654</b>	<b>60,907</b>	<b>54,275</b>	<b>295.5</b>	<b>273.3</b>	<b>1,175.1</b>	<b>991.4</b>
Domestic Sales	11,516	9,317	38,846	33,707	191.8	163.7	686.4	580.8
International sales	4,776	5,337	22,061	20,568	103.7	109.6	488.7	410.6

**Sales volume** across all product categories increased except for anti-oxidant TMQ, for which volume decreased further to 330 tons as compared to 1,009 tons in 4QFY2010. This was due to intense competition as TMQ has low production entry barrier.

Despite a slowing domestic economy, the Group had successfully increased domestic sales volume by 24% to 11,516 tons as compared to 9,317 tons in 4QFY2010 with deliberate price reductions. However, international sales volume declined as the European sovereign debt crisis continued to weigh down on European economies. The decline in sales to the European market was, however, offset by improved sales to the US market.

**Gross profit** increased by 9% from RMB 55.8 million in 4QFY2010 to RMB 60.7 million in 4QFY2011, in line with the increase in revenue while the gross profit margins remained relatively stable at 20.5%

**Other operating income** decreased by 58% from RMB 6.5 million to RMB 2.7 million in 4QFY2011 due to lower interest income and lower sales of scrap materials.

**Selling and distribution expenses** increased by 5% from RMB 11.1 million in 4QFY2010 to RMB 11.7 million in 4QFY2011, in line with the increase in revenue.

**Administrative expenses** increased by 67% from RMB 18.4 million in 4QFY2010 to RMB 30.7 million in 4QFY2011, mainly due to:

- RMB 2.0 million in new tax obligations towards City Construction and Education, equivalent to 10% of the net VAT
- RMB 7.0 million additional accruals for social insurance, namely retirement, medical, injury, unemployment and pregnancy insurance.
- RMB 1.8 million in new operating expenses due to commencement of operations at Facility 3 in Weifang.

**Other operating expenses** amounting to RMB 28.2 million for 12MFY2011 compared to RMB 5.9 million for 12MFY2010 (an increase of RMB 22.3 million) was mainly due to:

- RMB 6.1 million of realised transactional exchange losses as the US Dollar and Singapore Dollar depreciated against the Chinese Yuan.
- RMB 18.3 million of plant and equipment impairment due to the closure of Facility 1 in Shanxian City as disclosed in the 1QFY2011 Results Announcement dated 25 April 2011. The amount of impaired plant and equipment reused to-date was RMB 6.9 million.
- RMB 4.8 million of impairment relating to the land use rights at vacated Facility 1 as stated in Note 2 of Page 4.

**Profit before tax (PBT)** decreased by 48% from RMB 27.8 million in 4QFY2010 to RMB 14.4 million in 4QFY2011 mainly due to the additional accrued social insurance expenses and impairment of land use rights as stated above. On a 12-month basis, the PBT remain stable at RMB 133.9 million as the increase in gross profit was offset by increase in expenses.

**Net profit attributable to shareholders** decreased by 23% from RMB 115.3 million in FY2010 to RMB 88.5 million in FY2011 as its corporate income tax rate was restored to 25% with effect from 1 January 2011 compared to 12.5% in FY2010.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as no forecast or prospect statement was made.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In 4QFY2011, the PRC economy grew at a slower pace of 8.9% per annum, registering overall growth of 9.2% for the whole year. Despite falling demand from key export markets in the US and Europe and high domestic inflation, the world's second largest economy has so far avoided a hard landing. In tandem with the state of its economy, China's auto sales growth had substantially moderated to 2.5% after soaring expansion for the past few years. Vehicle sales hit 18.5<sup>3</sup> million thereby maintaining its position as the world's largest automobile market. China's auto market is expected to return to a sustainable pace of growth as the younger generation of Chinese continue to want to realize their dream of owning a car despite the restrictive measures implemented by the Chinese government. With the current overcapacity facing the rubber chemicals industry, it is likely that this market will become even more challenging to operate in. To maintain and further expand our market share, the Group may relax its gross profit margin targets in the short term. Nevertheless, the Group remains positive on the outlook for its domestic market given its established track record, healthy cashflows and portfolio of quality products.

Although the European sovereign debt crisis has persisted, there are signs of recovery in the US economy. However, the overall export market remains challenging as the accelerators supply within Japan has been restored in November 2011. The Japanese government has been urging its domestic companies to support domestic suppliers in a bid to rebuild the Japanese economy.

The Group remains optimistic of growing its sales volume and will adjust its selling prices accordingly based on prices of raw materials, the exchange rate between US Dollar and Chinese Yuan, and market conditions.

## Updates

During FY2011, the Group completed the following projects:

1. Completed the construction of the R&D centre and office facilities at Facility 2 at Shanxian City in March.
2. Shut down of Facility 1 at Shanxian City end March and relocated all personnel to Facility 2.
3. Commenced the production of accelerator MBT from its newly-built 15,000-ton MBT plant at Facility 3 at Weifang City in April.
4. Commenced the production of accelerator MBT from another newly-assembled 15,000-ton MBT plant that had its machinery/equipment relocated from Facility 1 to Facility 3 in October.
5. Completed construction of the 6PPD plant which is physically sited next to the 4ADPA<sup>4</sup> facilities, and commenced the trial production of 4ADPA in October

<sup>3</sup> Source: China Association of Automobile Manufacturers

<sup>4</sup> Known as 4-Aminodiphenylamine, an intermediary material for 6PPD

The Group will continue to work on the following projects:

1. Start trial production of anti-oxidant 6PPD at Facility 2 in March 2012.
2. Complete 4,000-ton MBTS plant at Facility 3 in 1QFY2012.
3. Complete 6,000-ton CBS plant at Facility 3 in 2QFY2012.

Below is a summary of our estimated Annual Capacity<sup>5</sup> at the end of each financial year:

Tons	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012e
Accelerators	39,000	50,000	55,000	56,500	56,500	66,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000	25,000
<b>Total</b>	<b>44,000</b>	<b>60,000</b>	<b>73,000</b>	<b>76,500</b>	<b>91,500</b>	<b>101,500</b>

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2012.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	S\$0.01 per ordinary share
Tax Rate	One-tier Tax exempt

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

S\$0.01 per ordinary share was declared in 4Q2010.

### (c) Date payable

To be announced at a later date

### (d) Books closure date

To be announced at a later date

### (e) Last cum-dividend Trading Date

To be announced at a later date

## 12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

## 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

None

<sup>5</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The group is substantially in one business segment, namely the production and sale of rubber chemicals. For geographical segment information, we provide different export markets.

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the People's Republic of China.

Geographical segment

RMB' million	FY2011	%	FY2010	%
PRC	686.4	58%	580.8	59%
Rest of Asia	309.8	26%	248.3	25%
America	91.1	8%	81.1	8%
Europe	50.2	4%	32.0	3%
Others	37.6	3%	49.2	5%
Total	<b>1,175.1</b>	100%	<b>991.4</b>	100%

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See Para 8 above for factors leading to material changes in contributions to turnover and earnings.

16. **A breakdown of sales as follows:-**

Group	Year ended 31/12/2011 RMB' million	Year ended 31/12/2010 RMB' million	Change
(a) Sales reported for first half year	569.0	451.0	26%
(b) Operating profit after tax before deducting minority interests reported for first half year	50.2	58.7	(14%)
(c) Sales reported for second half year	634.7	540.4	17%
(d) Operating profit after tax before deducting minority interests reported for second half year	38.3	56.6	(32%)

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	FY2011 S\$	FY2010 S\$
Ordinary Shares	4,758,700	4,773,570
Preference Shares	-	-
<b>Total:</b>	<b>4,758,700</b>	<b>4,773,570</b>

\*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2012

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, chief executive officer or substantial shareholder</b>	<b>Current position and duties, and the year position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Xu Cheng Qiu	68	(i) Father of Xu Jun, Executive Director and Deputy General Manager (Management and Operations)  (ii) Father of Xu Chi, Assistant General Manager of Projects Construction	Executive Chairman Responsible for the overall management, formulation and implementation of business strategies for the Group (since 2006)	No Change
Xu Jun	42	(i) Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder  (ii) Brother of Xu Chi, Assistant General Manager of Purchasing Department	Executive Director and Deputy General Manager (Management and Operations) Responsible for overseeing the overall management and operations of the Group's Facility 2 located at the Shanxian Economic Development Zone (since 2007)	No Change
Xu Chi	38	(i) Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder  (ii) Brother of Xu Jun, Executive Director and Deputy General Manager (Management and Operations)	Assistant General Manager of Purchasing Department (since 2011)	Since 2010, he was the Assistant General Manager of Projects Construction Responsible for managing construction of projects

**BY ORDER OF THE BOARD**

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**Xu Cheng Qiu**  
**Executive Chairman**  
**27 February 2012**